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**From:**

**Sent:** Wednesday, January 07, 2009 4:34:06 PM

**To:**

**Cc:**

**Subject:** RE: TEFRA Guidance Request

No event has occurred to terminate the status as of the C corp as TMP for the audit years. Status as TMP terminates only as provided in Treas. Reg. 301.6231(a)(7)-1(l)(1). None of the described events (e.g., dissolution of the TMP under state law) has occurred here.

Furthermore, the fact that the partnership dissolved in a subsequent year has no effect whatsoever on the TEFRA procedures for the years in under audit since, technically, the TEFRA partnership procedures are analogous to a type of class action audit of the partners for their partnership items rather than an audit of the partnership as a separate entity. See Chef's Choice v. Commissioner, 95 T.C. 388 (1990). Thus, the subsequent termination of the partnership in a later year is irrelevant.

If the LLC partner received a Schedule K-1 for year 2, TEFRA applies to that year and it is not excluded as a "small" partnership under section 6231(a)(1) from the TEFRA procedures since it has a flow through entity as a partner for at least part of the taxable year. See Rev. Rul. 2004-88.